

Message Text

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53

ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-03 SIL-01 PA-02 PRS-01 USIA-15 CU-04 /102 W

----- 028690

R 191428Z NOV 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 4647

UNCLAS TEL AVIV 6698

E.O. 11652: N/A

TAGS: EAIR, IS

SUBJ: ISRAELI TRAVEL TAX

DEPT ALSO FOR NEA/EX

REF: TEL AVIV 6424

1. INCLUDED IN THE RECENT PACKAGE OF GOI ECONOMIC MEASURES WAS AN EXTENSION OF THE TAX ON TRAVEL ABROAD TO PERSONS NOT PREVIOUSLY SUBJECT TO IT.

2. THE TAX FALLS INTO TWO PARTS: (A) A HEAD TAX OF IL. 750 AND (B) A FLAT 15 PERCENT OF THE ROUND-TRIP FARE.

3. PREVIOUSLY ALL PERSONS WHOSE TICKETS WERE PURCHASED BY FOREIGN GOVERNMENTS WERE EXEMPT OF ALL TAXATION, AS WER FULBRIGHT GRANTEES. UNDER THE NEW REGULATIONS OUR INTERNATIONAL VISITORS, ISRAELI EMPLOYEES AND FULBRIGHT GRANTEES ARE SUBJECT TO THE 15 PERCENT TAX, BUT NOT THE HEAD TAX.

4. ACCORDINGLY, THE EMBASSY ON NOVEMBER 19 SENT THE FOLLOW-
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ING NOT TO MFA:

" THE EMBASSY OF THE UNITED STATES OF AMERICA HAS THE HONOR TO BRING TO THE ATTENTION OF THE MINISTRY FOR FOREIGN AFFAIRS A MATTER OF CONCERN REGARDING THE PAYMENT OF TRAVEL TAX.

"UNDER CURRENT REGULATIONS OF THE GOVERNMENT OF ISRAEL THE FOLLOWING TWO CATEGORIES OF TRAVELERS ARE NOW REQUIRED TO PAY TAXES ON TRAVEL WHICH HAS BEEN PURCHASED BY THE UNITED STATES GOVERNMENT ON AUTHORITY OF UNITED STATES GOVERNMENT OFFICIAL TRAVEL ORDERS:

--THOSE PERSONS WHO ARE EMPLOYEES OR AGENTS OF THE UNITED STATES AND TRAVEL INTERNATIONALLY BY THE DIRECTION OF UNITED STATES GOVERNMENT TRAVEL ORDERS ON OFFICIAL BUSINESS OF THE UNITED STATES. THE EMBASSY WISHES TO POINT OUT THAT A TOTAL EXEMPTION IS CURRENTLY GRANTED TO PERSONS TRAVELING IN LIKE CIRCUMSTANCES AS AGENTS OF THE UNITED NATIONS OR FOREIGN NEWSPAPERS.

--THOSE PERSON WHOSE TRAVEL IS PURCHASED BY THE UNITED STATES AS PART OF A GRANT AND AT THE EXPENSE INVITATION OF THE GOVERNMENT OF THE UNITED STATES. THE EMBASSY WISHES TO POINT OUT THAT REFUSAL TO GRANT FULL EXEMPTION OF TRAVEL TAX IN SUCH CASES COULD LEAD TO LESS AFFLUENT MEMBERS OF ISRAELI SOCIETY BEING UNABLE TO ACCEPT A GRANT. THESE GRANTS ARE GENERALLY DESIGNED TO EXPAND THE PROFESSIONAL EXPERTISE OF THE RECIPIENT.

" THE EMBASSY BELIEVES THAT ANY TRAVEL FOR WHICH THE UNITED STATES GOVERNMENT PAYS SHOULD BE FREE OF ANY FORM OF TAXATION. ACCORDINGLY, THE EMBASSY REQUEST THAT THE NECESSARY STEPS BE TAKEN TO EXEMPT SUCH TRAVEL FROM ALL TAXES.

" THE EMBASSY ALSO WISHES TO POINT OUT THAT ANY TAXATION OF TRAVEL PURCHASED BY THE UNITED STATES-ISRAEL EDUCATION FOUNDATION WOULD CONTRAVENE THE AGREEMENT SIGNED BY THE UNITED STATES AND ISRAEL AT TEL AVIV AND JERUSALEM JUNE 18 AND 22, 1962 AND AMENDED BY EXCHANGE OF NOTES SIGNED AT TEL AVIV AND JERUSALEM MARCH 21 AND 23, 1967.

" THE EMBASSY OF THE UNITED STATES OF AMERICA
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AVAILS ITSELF OF THIS OPPORTUNITY TO ASSURE THE MINISTRY FOR FOREIGN AFFAIRS OF ITS HIGHEST CONSIDERATIONS."

5. WOULD APPRECIATE DEPARTEMENT'S COMMENTS OR GUIDANCE AS TO NEXT STEPS.

KEATING

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